



**COPPER SEARCH LIMITED**

**ACN 650 673 500**

**HALF YEAR FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**



## CONTENTS

	PAGES
DIRECTORS REPORT	3—4
AUDITORS INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10—20
DIRECTORS DECLARATION	21
INDEPENDENT AUDITORS REVIEW REPORT TO MEMBERS	22 - 23



## **DIRECTORS REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Copper Search Limited (referred to hereafter as the 'company' or 'parent entity' or 'CUS') and the entities it controlled at the end of, or during, the half year ended 31 December 2021.

### **Directors**

The names and details of the Company's Directors in office at any time during the half year and until the date of this report (unless otherwise stated) are detailed below.

Chris Sutherland (appointed 2 June 2021)

Peter McIntyre (appointed 25 June 2021)

Greg Hall (appointed 25 June 2021)

Tony Belperio (appointed 25 June 2021)

### **Principal Activities**

During the half year the principal continuing activities of the consolidated entity consisted of exploration activities at the consolidated entity's minerals exploration tenements situated in South Australia.

### **Operating Results**

The net operating loss of the consolidated entity for the half year ended 31 December 2021 after income tax amounted to \$1,513,722. (2020: \$332,228).

### **Dividends**

No dividend was paid or declared during the half year.

### **Review of Operations**

The Company continues to operate solely as a minerals exploration company with licenses located solely within the Gawler Craton region of South Australia. The Company has or expects to have access to sufficient funds to continue with planned exploration efforts on those licenses that the Company intends to continue to hold.

### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs during the half year.

### **Corporate**

#### **Cash Position at 31 December 2021**

The Company had a closing cash balance of \$10,671,398 at 31 December 2021.

#### **Board Changes**

There were no changes to the Board during the half year.



## **DIRECTORS REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

### **Events since the end of the half year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As reported to the ASX on 2 March 2022 the Company has appointed Duncan Chessell in the role of CEO to commence in early May 2022. As reported Duncan's remuneration package consists of a \$250,000 per annum base salary plus 10% superannuation as well as the following incentives:-

1,200,000 options exercisable at \$0.70 with 50% vesting beyond 12 months of continuing employment and 50% vesting beyond 24 months of continuing employment. To be exercised on or before 3 years from date of issue.

1,200,000 performance rights converting to ordinary shares (0-100%) upon meeting performance criteria over a period of three years relating to shareholder value, asset growth, compliance and financial, HSE and risk management.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### **Likely developments**

The entity is continuing to pursue its principal activities.

### **Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires the entity's auditors, BDO Audit (WA) Pty Ltd to provide the directors with a written Independence Declaration in relation to their review of the financial statements for the period ended 31 December 2021. The written Auditor's Independence Declaration forms part of this Directors' Report.

A handwritten signature in blue ink, appearing to be 'Duncan Chessell', is written over a horizontal line.

Dated this 15 March 2022 Director



Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
[www.bdo.com.au](http://www.bdo.com.au)

Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
Perth, WA 6000  
PO Box 700 West Perth WA 6872  
Australia

## **DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF COPPER SEARCH LIMITED**

As lead auditor for the review of Copper Search Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Copper Search Limited and the entity it controlled during the period.

**Glyn O'Brien**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2022



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**HALF YEAR ENDED**

**31 DECEMBER 2021**

**31 DECEMBER 2020**

**\$**

**\$**

**Revenue and Income**

Interest revenue	203	-
------------------	-----	---

**Total revenue and income**

<b>203</b>	<b>-</b>
------------	----------

**Expenses**

Administration and corporate expenses	(555,927)	(77,017)
---------------------------------------	-----------	----------

Exploration expenses written off as incurred	(957,998)	(255,211)
--	-----------	-----------

**Total expenses**

<b>(1,513,925)</b>	<b>(332,228)</b>
--------------------	------------------

**Loss before income tax**

<b>(1,513,722)</b>	<b>(332,228)</b>
--------------------	------------------

Income tax expense

-	-
---	---

**Loss after income tax attributable to members of  
Copper Search Ltd**

<b>(1,513,722)</b>	<b>(332,228)</b>
--------------------	------------------

Other comprehensive loss net of tax

-	-
---	---

**Total comprehensive loss**

<b>(1,513,722)</b>	<b>(332,228)</b>
--------------------	------------------

**Loss per share for the half year attributable to the  
members of Copper Search Ltd**

**Cents Per Share**

**Cents Per Share**

Basic and diluted loss per share

(2.221)	(0.863)
---------	---------

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 31 DECEMBER 2021**

		31 DECEMBER 2021	30 JUNE 2021
	Note	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		10,671,398	905,020
Trade and other receivables		46,247	29,712
<b>Total Current Assets</b>		<b>10,717,645</b>	<b>934,732</b>
<b>Non Current Assets</b>			
Property, plant and equipment		4,218	-
Deferred exploration expenditure acquisition costs	3	242,548	242,548
<b>Total Non Current Assets</b>		<b>246,766</b>	<b>242,548</b>
<b>Total Assets</b>		<b>10,964,411</b>	<b>1,177,280</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		80,503	101,942
Other		55,381	54,795
Employee benefits		13,001	9,205
<b>Total Current Liabilities</b>		<b>148,885</b>	<b>165,942</b>
<b>Total Liabilities</b>		<b>148,885</b>	<b>165,942</b>
<b>Net Assets</b>		<b>10,815,526</b>	<b>1,011,338</b>
<b>Equity</b>			
Issued capital	4	14,955,065	4,021,905
Reserves	4	384,750	-
Accumulated losses		(4,524,289)	(3,010,567)
<b>Total Equity</b>		<b>10,815,526</b>	<b>1,011,338</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** **FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Consolidated</b>				
<b>Balance at 1 July 2021</b>	<b>4,021,905</b>	<b>-</b>	<b>(3,010,567)</b>	<b>1,011,338</b>
Loss for the half year	-	-	(1,513,722)	(1,513,722)
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive loss for the half year net of tax</b>	<b>-</b>	<b>-</b>	<b>(1,513,722)</b>	<b>(1,513,722)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital during the half year	12,000,000	-	-	12,000,000
Share issue costs	(1,066,840)	342,000	-	(724,840)
Share-based payments expense	-	42,750	-	42,750
<b>Balance at 31 December 2021</b>	<b>14,955,065</b>	<b>384,750</b>	<b>(4,524,289)</b>	<b>10,815,526</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2020</b>	<b>2,529,512</b>	<b>-</b>	<b>(2,096,054)</b>	<b>433,458</b>
Loss for the half year	-	-	(332,228)	(332,228)
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive loss for the half year net of tax</b>	<b>-</b>	<b>-</b>	<b>(332,228)</b>	<b>(332,228)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital during the half year	312,548	-	-	312,548
<b>Balance at 31 December 2020</b>	<b>2,842,060</b>	<b>-</b>	<b>(2,428,282)</b>	<b>413,778</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.





# **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

		HALF YEAR ENDED	
		31 DECEMBER 2021	31 DECEMBER 2020
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Interest received		203	-
Other income		-	-
Payments to suppliers (Including GST)		(1,547,517)	(225,878)
<b>Net cash flows used in operating activities</b>	5	<b>(1,547,314)</b>	<b>(225,878)</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment		(4,218)	-
<b>Net cash flows from investing activities</b>		<b>(4,218)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares		11,317,910	70,000
<b>Net cash flows from financing activities</b>		<b>11,317,910</b>	<b>70,000</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>		<b>9,766,378</b>	<b>(155,878)</b>
Add opening balance of cash and cash equivalents		905,020	502,052
<b>Closing cash and cash equivalents at end of year</b>		<b>10,671,398</b>	<b>346,174</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

On 2 June 2021, Copper Search Limited was incorporated as a vehicle for listing Copper Search Australia Pty Ltd on the Australian Securities Exchange (ASX). On 21 June 2021, the Company completed a transaction with the shareholders of Copper Search Australia Pty Ltd under common control to acquire 100% of the share capital in Copper Search Australia Pty Ltd in exchange for shares in the Company (on a 1:1 basis).

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Copper Search Limited ('company' or 'parent entity') at 31 December 2021 and the results of all subsidiaries for the half year then ended. Copper Search Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### **Predecessor accounting**

Business combinations involving entities under common control are accounted for using the predecessor accounting method. Under this method:

carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on acquisition; and

the carrying value of net assets acquired or liabilities assumed is recorded as a separate element of equity on consolidation.

#### **Operating segments**

The consolidated entity operates entirely within the minerals exploration industry and entirely within the Gawler Craton region of South Australia and therefore has only the one operating segment.

#### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Copper Search Limited's functional and presentation currency.

#### *Foreign currency transactions and operations*

The consolidated entity currently has no foreign operations and to date has not conducted any transactions in a foreign currency.

#### **Revenue recognition**

The consolidated entity recognises revenue as follows:

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Other income*

R&D tax incentives are recognised when the right to receive payment is established.

#### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

#### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Exploration and evaluation assets**

Expenditure on the acquisition and evaluation of exploration assets is accounted for in accordance with the area of interest method which is closely aligned to the US GAAP based successful efforts method of accounting for minerals exploration and evaluation expenditure.

This method allows the costs associated with the acquisition and evaluation of a prospect to be aggregated on the Statement of Financial Position and matched against the benefits derived from commercial production once this commences.

Expenditure incurred directly on exploration for minerals prior to an area of interest being identified and confirmed as containing potentially economic mineralisation is written off immediately as and when incurred (Greenfields exploration).

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration or evaluation expenditure.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Impairment of exploration and evaluation assets**

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts. The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities

#### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

#### **Employee benefits**

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

##### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Equity-settled transactions are awards of shares, or options over shares, that are provided to directors, employees or contractors in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Earnings per share**

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Copper Search Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half year reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.





## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Exploration and evaluation costs*

Exploration and evaluation acquisition costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

#### *Capital Reorganisation*

The acquisition of 100% of the issued capital of Copper Search Australia Pty Ltd by the Company, by way of issuing the shareholders of Copper Search Australia Pty Ltd fully paid shares in the Company, has been determined by management to be a capital reorganisation as the transaction does not meet the definition of a business. Capital reorganisation transactions are a complex accounting area because there are no specific applicable accounting standards to these types of transactions. In the absence of specific guidance, management has used the guidance in AASB 108 'Accounting Policies, Change in Accounting Estimates and Errors (para. 10) whereby management have used its judgement in developing and applying a relevant and reliable accounting policy using pre-combination book values to account for this transaction as no substantive economic change has occurred.





## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3 — DEFERRED EXPLORATION EXPENDITURE ACQUISITION COSTS

Exploration expenditure is expensed directly to the statement of profit or loss as and when it is incurred and is included as part of cash flows from operating activities in the period in which it is paid. Exploration costs are capitalised only where they result from an acquisition or contribution. Any costs that are carried forward that relate to any area of interest that has been abandoned are written off in the period that the decision to abandon is made.

	HALF YEAR ENDED	
	31 DECEMBER 2021	31 DECEMBER 2020
	\$	\$
Deferred exploration expenditure acquisition costs brought forward	242,548	-
Capitalised exploration acquisition costs incurred during the half year— acquisition of licenses	-	242,548
Deferred exploration expenditure acquisition costs carried forward	242,548	242,548

Recoupment of exploration acquisition costs carried forward is dependent upon the successful development and commercial exploitation or the sale of an area of interest.

	HALF YEAR ENDED	
	31 DECEMBER 2021	31 DECEMBER 2020
Number of Shares	\$	\$

### NOTE 4 — ISSUED CAPITAL

Issued Capital—Ordinary Shares

(2020: 38,810,000)	82,407,942	14,955,065	2,842,060
--------------------	------------	------------	-----------

Movements in ordinary share capital

Opening balance— 1 July 2020	13,855,186	2,529,512
Issue of shares to subscribers— July / August 2020	700,000	70,000
Issue of shares for acquisition of licenses	24,254,814	242,548
Closing balance— 31 December 2020	38,810,000	2,842,060

Opening balance— 1 July 2021	48,122,227	4,021,905
Issue of shares to subscribers (IPO) — September 2021	34,285,715	10,933,160
Closing balance— 31 December 2021	82,407,942	14,955,065



## NOTES TO THE FINANCIAL STATEMENTS

### HALF YEAR ENDED

	31 DECEMBER 2021	31 DECEMBER 2020
	\$	\$

#### NOTE 4 — ISSUED CAPITAL (CONTINUED)

##### Reserves

Options Reserve Opening balance—1 July 2021	-	-
Broker options issued 15 September 2021 (date of IPO) (#1)	342,000	-
Director options issued 15 September 2021 (date of IPO) (#1)	42,750	-
Closing balance—31 December 2021	384,750	-

Options to acquire Ordinary Shares	Number of Options
Opening balance—1 July 2021	-
Broker options issued 15 September 2021 (at date of IPO)	2,000,000
Director options issued 15 September 2021 (at date of IPO) —	
• Vested	250,000
• Un-vested	500,000
Closing balance—31 December 2021	2,750,000

2,000,000 broker options and 750,000 director options were issued in accordance with prospectus upon listing of the Company on the ASX in September 2021.

(#1) Further information for these options / share-based payments is disclosed at Note 10 and Note 6.

	31 DECEMBER 2021	31 DECEMBER 2020
	\$	\$

#### NOTE 5 — CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from continuing operations after income tax.

Loss after income tax	(1,513,722)	(332,228)
Non cash flows in loss		
Increase / (decrease) in trade creditors	(17,057)	106,180
(Increase) / decrease in trade and other receivables	(16,535)	170
Cash outflows from operations	(1,547,314)	(225,878)



## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 6 — RELATED PARTY TRANSACTIONS**

#### **(a) Parent Entity**

From the date of listing on the ASX (15 September 2021) the Consolidated Entity has no ultimate parent entity. From 1st July until this date, Macallum Group Limited “Macallum” held a 54% interest. As a result of the IPO and ASX listing, Macallum’s percentage interest has diminished to be 31%. While this is regarded as a significant interest, Macallum no longer has the ability to exercise control over the Consolidated Entity.

As a consequence of this, and by virtue of having one common Director (Peter McIntyre), together with a substantial shareholding, transactions with Macallum for the current and future reporting periods will be regarded and reported below under transactions with other related parties.

#### **(b) Subsidiaries**

Copper Search Limited owns 100% of Copper Search Australia Pty Ltd. Other than this there are no interests in wholly owned or other controlled entities. For the purpose of reporting for the Consolidated Entity all transactions between these entities are eliminated upon consolidation.

#### **(c) Transactions with other related parties**

Throughout the half year, Macallum has provided and continues to provide services for the management and operations of Copper Search Limited, including corporate office facilities and services together with operation and management of exploration activities. These services are recharged to Copper Search Limited in accordance with existing contracts as a monthly charge to cover general management and corporate services, together with charges to cover additional costs for exploration activities based on time sheet data of Macallum staff.

For the Half Year ended 31 December 2021 the total value charged for these services was \$186,202.

Under the Company’s Employee Incentive Scheme established in June 2021 the Company has issued the right to receive options to three Directors as follows:-

- Peter McIntyre —250,000 (83,334 vested upon ASX listing).
- Tony Belperio —250,000 (83,334 vested upon ASX listing).
- Greg Hall —250,000 (83,334 vested upon ASX listing).

The balance of options for these three directors vest upon continuation of service at or beyond anniversary date of ASX listing, with 1/3 at 15 September 2022 and remaining 1/3 at 15 September 2023. (Refer Note 10—Share-Based Payments)

There has been no other transactions with related parties.

### **NOTE 7 — DIVIDENDS**

No dividend was paid or declared during the half year and the Directors have not recommended the payment of any dividend.

### **NOTE 8 — COMMITMENTS**

The company had no changes to tenement expenditure commitments from 30 June year end

### **NOTE 9 — CONTINGENCIES**

There were no known contingent liabilities or contingent assets at 31 December 2021 (December 2021: Nil)



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 10 — SHARE-BASED PAYMENTS

Upon listing of the Company on the ASX on 15 September 2021, 2,750,000 options to acquire ordinary shares were granted in accordance with the prospectus that was issued for the purpose of the listing.

Options were issued on this date as follows:-

2,000,000 options were granted to the Joint Lead Managers assisting with the initial public offering of shares. These options have an exercise price of \$0.50 each with a final date for exercise of 15 September 2024

750,000 options were granted to Directors (3 x 250,000 each to Directors Peter McIntyre, Greg Hall & Tony Belperio). These options have an exercise price of \$0.50 each with a final date for exercise of 15 September 2024. 1/3 of these options vested immediately upon listing with 1/3 to vest on 15 September 2022 and the final 1/3 to vest on 15 September 2023 with vesting being subject to the continuing service of each respective Director.

All of these options remain outstanding with none having been exercised to date.

For the options granted (and vested) during the half year, where the fair value of services provided was unable to be otherwise determined, the Black Scholes model was used to calculate estimated fair values for the options issued to brokers.

Details of the options and inputs used to determine the estimated fair value of the broker and director options at the grant date were as follows:

Grant Date	15 September 2021	Expiry Date	15 September 2024
Share Price at Grant	\$0.35	Exercise Price	\$0.50
Estimated Volatility	90%	Dividend Yield	Nil
Risk Free Interest Rate	0.07%	Fair Value at Grant (each)	\$0.171
<b>OPTIONS VESTED as at 31 December 2021</b>			
Fair Value of Broker Options Issued	\$342,000	Fair Value of Vested Director Options	\$42,750
Qty of Broker Options Issued & Outstanding	2,000,000	Qty of Director Options Issued & Outstanding	250,000
<b>OPTIONS UN-VESTED as at 31 December 2021</b>			
Qty of Un-vested Director Options Issued & Outstanding	500,000		

### NOTE 11 — EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As reported to the ASX on 2 March 2022 the Company has appointed Duncan Chessell in the role of CEO to commence in early May 2022. As reported Duncan's remuneration package consists of a \$250,000 per annum base salary plus 10% superannuation as well as the following incentives:-

- 1,200,000 options exercisable at \$0.70 with 50% vesting beyond 12 months of continuing employment and 50% vesting beyond 24 months of continuing employment. To be exercised on or before 3 years from date of issue.
- 1,200,000 performance rights converting to ordinary shares (0-100%) upon meeting performance criteria over a period of three years relating to shareholder value, asset growth, compliance and financial, HSE and risk management.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 6—20, are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date of the company;
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board
- 4) The Directors have been given the declaration by the Executive Director and Chief Financial Officer required by section 295A of the Corporation Act 2001.
- 5) The remuneration disclosures contained on the Remuneration Report comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors

A handwritten signature in black ink, appearing to read 'Peter McIntyre', is written over a light blue circular stamp.

Peter McIntyre

Director

15 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Copper Search Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Copper Search Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

**Glyn O'Brien**

**Director**

Perth, 15 March 2022